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UNCLAS SECTION 01 OF 03 MONROVIA 000896

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DEPARTMENT FOR AF/W AOKEDIJI, AF/EPS CTRIMBLE, EB/ESC
SSAARNIO, INR/AA BGRAVES

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SUBJECT: LIBERIA: INDEPENDENCE DAY TO MARK THE ECONOMIC
REBIRTH OF GRAND BASSA COUNTY

REF: A. MONROVIA 780

[B](#). MONROVIA 840

[1](#)1. SUMMARY: In advance of celebrations marking the 160th anniversary of Liberian Independence on July 26, Embassadors traveled to Grand Bassa county on July 6-7, visiting the capital of Buchanan, Liberia's second largest port, and the Liberian Agricultural Company (LAC), the second largest rubber plantation in the country and the site of legislative by election runoff on July 24 (Ref B). Independence Day celebrations will attract government and diplomatic dignitaries to Buchanan on July 25-26. In the future, Grand Bassa county's economy is likely to be dominated by three key commodities, iron ore, rubber and oil palm, but for the moment economic activity has not met the expectations of a growing influx of job seekers. END SUMMARY.

BACKGROUND

[1](#)2. Grand Bassa county is located about 120km southeast of Monrovia, along the coastline of the Atlantic Ocean. The county capital, Buchanan, is Liberia's second city. The road from Monrovia to Buchanan is mostly asphalt but has many badly damaged sections due to lack of maintenance. It currently takes about three hours to navigate the heavily potholed highway. The World Bank has committed funding to rehabilitate this stretch of highway. Work is scheduled to begin in October.

[1](#)3. Prior to the civil war, Grand Bassa county enjoyed a vibrant economic atmosphere and a bustling harbor, hosting companies such as the Liberian American Mining Company (LAMCO), the rubber plantation at LAC, the palm oil plantation, Liberian Incorporated (LIBINC), and several logging companies. For much of the Taylor era, Buchanan was the Oriental Timber Company's (OTC) base of operations. During the war, the area was first controlled by the National Patriotic Front of Liberia (NPFL), then by West African peacekeepers of ECOMOG, and in 2003 by the Movement for Democracy in Liberia (MODEL). During the latter period, Buchanan's productive infrastructure was massively looted and completely destroyed, including the total dismantling of a \$50 million plywood factory in 2004. As a consequence, many companies vacated the county and the local economy became largely dormant. According to the Buchanan Port Authority, the port of Buchanan has received only one large cargo vessel in the last two years.

[1](#)4. Independence Day festivities July 25-26 are meant to

highlight the rebirth of Grand Bassa's economy. On July 25, President Johnson Sirleaf will dedicate several donor-funded development projects and preside over a ceremonial launch of the Acelor Mittal Steel project. Activities on July 26 include an award ceremony, a parade, an inspection of new AFL troops, and a reception for government, diplomatic and community leaders at the Buchanan fairgrounds. Liberia's first fireworks show in twenty years will occur in Buchanan July 26 (and Monrovia on July 28).

ECONOMY

¶5. Grand Bassa's economic revival will likely be driven initially by three traditional economic engines: iron ore, rubber and palm oil. The Mittal Steel concession includes a mining and processing project in Nimba county, with infrastructure upgrades to port and rail facilities in Grand Bassa (Ref A). Thus far, Mittal has only introduced minimal support staff to the region, and most skilled workers are likely to come from Monrovia. UNMIL Civil Affairs County Coordinator Lino Sciarra told Emboffs that there has already been an influx of people to the region hoping for jobs from the Mittal project, but the number of local jobs will likely fall significantly short of expectations.

¶6. LAC has controlled the second largest rubber plantation concession (approximately 600,000 acres) in Liberia since ¶1959. At present the company employs about 4,000 people as employees and subcontractors. The Belgian-owned LAC is seeking to expand but has encountered resistance from villagers in the surrounding area. Sciarra said LAC is often accused of exhibiting a "mini-state" mentality, seeking to

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operate beyond government bounds in collusion with local judges and officials reportedly sponsored by the company.

¶7. There is potential for economic growth in other sectors as well, particularly oil palm. LIBINC (commonly known as the Palm Bay Plantation) is the largest privately owned oil palm plantation in Liberia, covering 162,000 acres with roughly 48,000 acres planted with palm trees. The plantation had a modern mill and provided jobs for 3,000 citizens before the war, but has been looted and abandoned for the last several years. A British Firm, Equatorial Biofuels Plc, is reportedly seeking to purchase all or part of the plantation as part of its MOU with the GOL for oil palm development.

¶8. Economic development will continue to be constrained by the dilapidated state of the once thriving port of Buchanan. Port Operations Chief George Astley told Emboffs that the last significant cargo vessel left the port almost two years ago. The commercial wharf is 300 meters long with a depth of 8 meters, but there are no channel markers, navigational aids, tug service, cargo handling equipment, or fire and safety equipment. A derelict ship leans across the foot of the wharf and the previous crane equipment has been destroyed. Part of Mittal Steel's agreement includes the renovation of the iron ore key, dredging the entrance channel and repairing the fuel jetty in Buchanan, but there are currently no proposals for renovation of the National Port Authority commercial side of the port.

SECURITY

¶9. The security situation in Grand Bassa remains stable, but tense, according to UNMIL representatives. Small protests have occurred in recent months when money flowing to ex-combatants was slow to arrive. On June 20, 225 ex-combatants rioted in front of the UNDP offices when their school fees had been delayed three months. Another group of 150 stormed a donor-funded computer training school when they

were not given a set of tools upon graduation. The real uncertainty, according to UNPOL Chief Andrew Shilelo, will occur in September when the GOL, rather than the UN, will become responsible for the payments to these demobilized groups. There are currently over 1,500 ex-combatants involved in vocational skills training in Buchanan.

¶10. LAC is also a focal point for security incidents, primarily skirmishes between illegal rubber tappers and LAC's private security arm, the Plantation Protection Department (PPD), made up of 60 officers, many ex-combatants or ex-AFL, several of whom reportedly have weapons. A Bangladeshi battalion is stationed at LAC, and UNPOL helps patrol the area, but there are only 58 Liberian National Police (LNP) officers in the whole county, most in the capital Buchanan. UNMIL has a military strength in the county of roughly 800 troops.

¶11. Population pressures will continue to challenge authorities, according to Sciarra. Many people have returned to the region since the end of the war, with many new arrivals looking for jobs from the well-publicized Mittal deal. Sciarra said lodging prices have risen from \$10 to \$25 a night in the last year, and criminality is increasing. UNMIL burned a 700kg cache of cocaine in June that had been recovered from various arrests -- mostly Nigerians -- in the county over the course of the last few months. As LAC and Mittal (and possibly oil palm producers) ramp up operations and wall off their concessions, squatters are likely to seek redress, and UNMIL is working with the companies and communities to strike a balance between the security of private concessions and humanitarian concerns from displacement.

COMMENT

¶12. The revival of the once active Grand Bassa county will require not only investment, but good governance as well. Weak local government coupled with an influx of labor and large companies without any counterpart for oversight on issues such as labor and environment, could lead to instability in the region. In addition, expectations for the impact of Mittal Steel on the area are exceedingly high, with

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many government officials (and even a few donors) expecting the company to completely renovate the road, rail, and port infrastructure as public goods. Mittal's footprint will be large, but the scale of need is much larger.

Booth